Weekly Economic Review

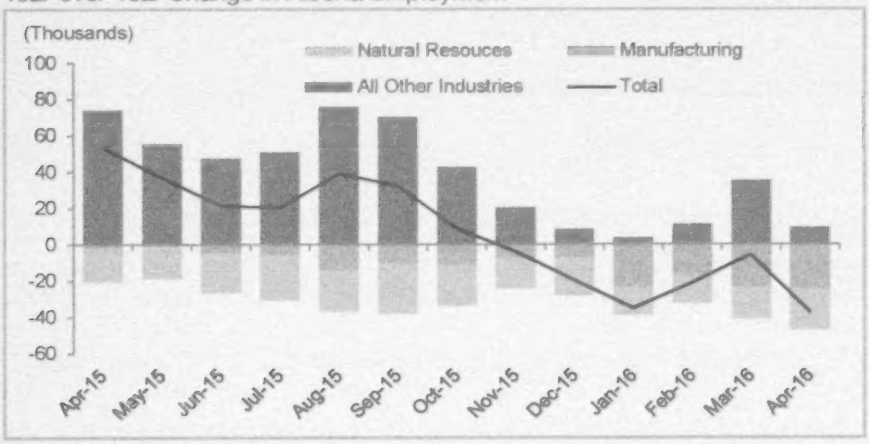
Alberta's job loss streak resumes

Employment

Provincial employment continues downward slide

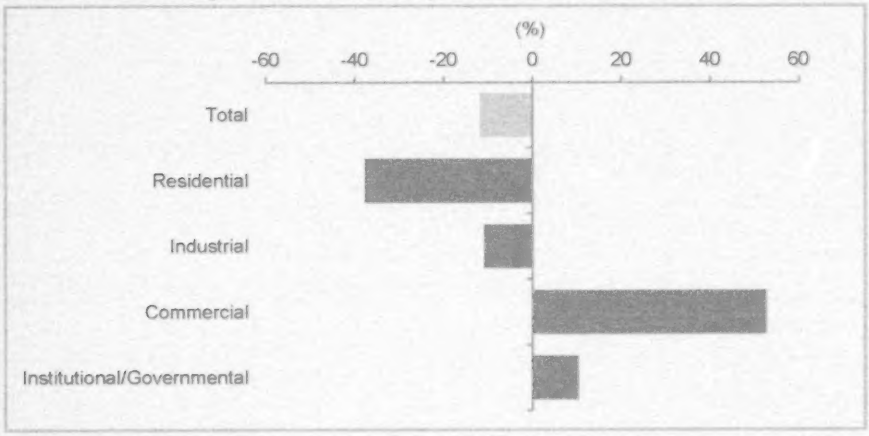
The economic conditions continue to afflict Alberta's labour market as April employment declined by 20,800 jobs (Chart 1), erasing all of the gains over the past two months. The losses were broad-based, though industries closely linked to the energy sector were especially hard hit. Forestry, Fishing, Mining, Oil and Gas (-8,400) accounted for the bulk of cuts, followed by Trade (-6,800), Finance, Insurance and Real Estate (-5,100), and Manufacturing (-3,000). Accommodations and Food Services, Business Support Services and Agriculture posted modest gains. Self-employment absorbed most of the losses, shedding 17,100 positions while public sector employment shrank by 2,900 jobs. The private sector trimmed 800 jobs. A large exit of 18,000 workers out of the labour force dampened the impact on Alberta's unemployment rate, which ticked up to 7.2%, slightly above Canada's average.

Chart 1: Natural resources and manufacturing industries drive job losses
Year-over-Year Change in Alberta Employment



Source: Statistics Canada

Chart 2: Residential construction drags down building permits
Year-to-Date Change in Alberta Building Permits



Source: Statistics Canada

Rigs Drilling

Drilling down for the 16th month

Alberta's rigs count continued hovering near record low levels despite the improvement in oil prices since mid-February. There were 30 rigs drilling in Alberta during April, down 46% y/y. The rigs count has now declined on a year-over-year basis for 16 straight months. Drilling remained weak throughout Canada, with the number of active oil rigs down 54% - the lowest level on record. Oil rigs were down 46% y/y and natural gas rigs down 56% y/y.

Building Permits

Permits fall to five year low

The value of Alberta building permits plunged to $931 million in March, down 34% y/y to the lowest monthly level since March 2011. Year-to-date, permits were down 12% (Chart 2). The drop was mainly due to fewer permits issued in Calgary, where residential building permits totalled $151.9 million (-60% y/y). A drop in industrial and institutional/government activity also weighed on Calgary's non-residential permit issuance (-30% y/y). Building permit activity was comparatively mixed in Edmonton, with the value of non-residential building up 39% y/y and the value of residential permits

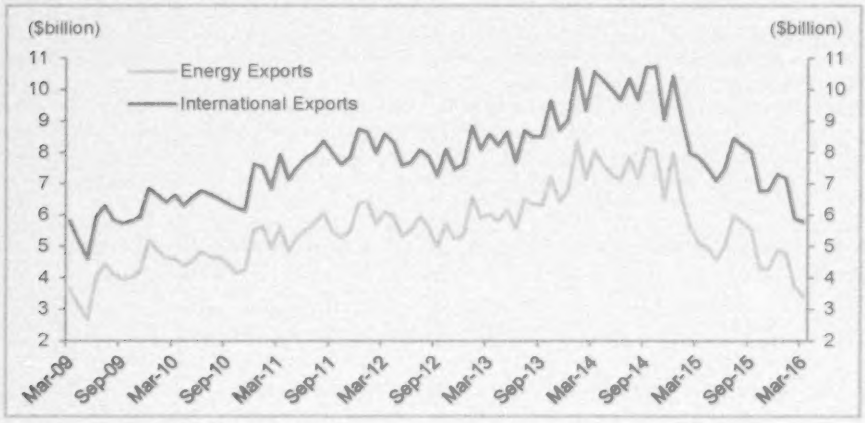
down by the same magnitude (-39% y/y). Across Alberta non-residential permits were down 11% y/y. Residential permit issuance across Alberta fell 48% y/y, though the regions of Lethbridge-Medicine Hat (23%) and Banff-Jasper-Rocky Mountain House (18%) bucked the negative trend.

Merchandise Trade

Merchandise trade hits lowest point since 2009 Recession

Alberta's merchandise exports fell further in March to $5.8 billion, the lowest level since September 2009 (Chart 3). The unabated weakness pushed exports down 26% y/y. Persistently low and volatile oil prices have been the major cause for the continued weakness in export receipts, pushing the value of energy exports down 33% y/y. However, crude export volumes were also down 3.4% y/y in March, the first dip since October 2015 mostly due to upgrader maintenance. Non-energy exports were down 13% y/y with weakness persisting in industrial machinery (-50% y/y), building supplies and forestry products (-14% y/y) and metals and non-metallic mineral products (-26% y/y).

Chart 3: Exports fall to lowest level in almost seven years
Alberta International Merchandise Trade



Source: Statistics Canada

Chart 4: US Jobs growth slows in April
US Employment

Source: US Bureau of Labor Statistics

Industrial Product Prices

Low energy prices drive deflation

The Industrial Product Price Index (IPPI) was down 2.1% y/y in March. Lower prices for natural gas liquids and related energy products (-49.2% y/y) outweighed price increases for other product categories like passenger cars and light trucks (+3.0% y/y). Excluding energy and petroleum prices, the IPPI was up 0.5% y/y. The Raw Materials Price Index (RMPI) sharply declined 9.7% y/y, attributable to an 18.6% y/y decrease in prices for crude energy products.

US Employment

US job creation slows slightly

The American labour market cooled off in April, adding 160,000 jobs - compared with an average 224,333 per month over the past year. Private services industries accounted for all new employment (+174,000), with education and health services and professional and business services at the forefront of job creation. Goods producing industries cut 3,000 jobs. The beleaguered mining industry extended its job loss streak to nineteen months, losing 7,100 more positions and bringing total losses up to a staggering 190,900 jobs since October 2014. The unemployment rate held steady at 5.0% (Chart 4).

Contact

Nachum Gabler 780.638.3238

Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.